

Cardinal Health – Essential to care

George S. Barrett
Chairman and Chief Executive Officer

J.P. Morgan Healthcare Conference
January 8, 2013

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Forward-looking statements and GAAP reconciliation

This presentation contains forward-looking statements addressing expectations, prospects, estimates and other matters that are dependent upon future events or developments. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and expense accruals. These matters are subject to risks and uncertainties that could cause actual results to differ materially from those projected, anticipated or implied. These risks and uncertainties include competitive pressures in Cardinal Health's various lines of business; the loss of one or more key customer or supplier relationships or changes to the terms of those relationships, including our relationships with CVS Caremark Corporation and Walgreen Co.; the timing of generic and branded pharmaceutical introductions and the frequency or rate of pharmaceutical price appreciation or deflation; uncertainties due to government health care reform including federal health care reform legislation; changes in the distribution patterns or reimbursement rates for health care products and services; the effects of any investigation or action by any regulatory authority; changes in the cost of commodities such as oil-based resins, cotton, latex and diesel fuel and uncertainties concerning Cardinal Health's ability to achieve the expected benefits of its Medical segment's business transformation project. Cardinal Health is subject to additional risks and uncertainties described in Cardinal Health's Form 10-K, Form 10-Q and Form 8-K reports and exhibits to those reports. This presentation reflects management's views as of January 8, 2013. Except to the extent required by applicable law, Cardinal Health undertakes no obligation to update or revise any forward looking statement. In addition, this presentation includes non-GAAP financial measures. Cardinal Health provides definitions and reconciling information at the end of this presentation and on its Investors page at www.cardinalhealth.com. An audio replay of the webcast will be available on the Investors page at www.cardinalhealth.com.

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Healthcare demand – an inescapable reality



Aging population

+

Public health issues

=

Increased demand

Need for improved cost effectiveness

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We are uniquely positioned to add value in this healthcare environment

- Relentless focus on **improving efficiency** for us and our business partners
- Bringing **extraordinary scale** to support the system
- Ability to follow the patient through **continuum of care**
- **Broad range of product and service offerings** designed to improve **cost-effectiveness** for our business partners and patients





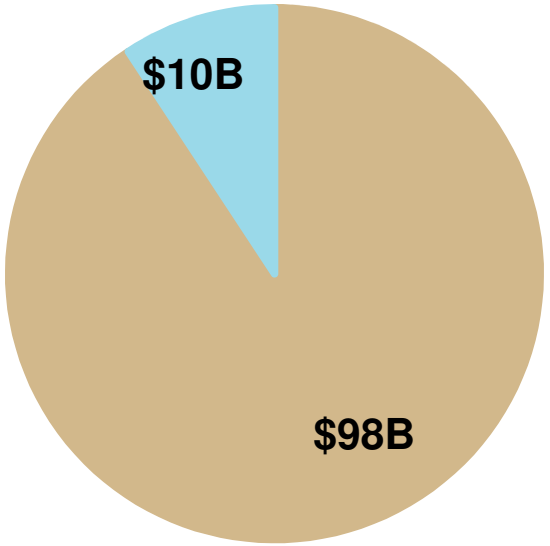



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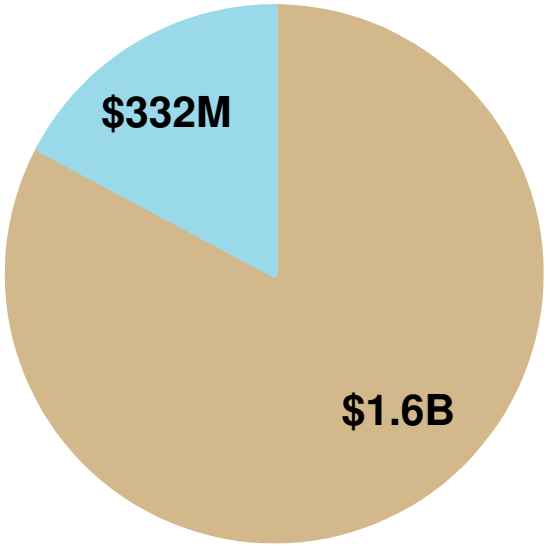
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Organized in two segments

FY12 Segment Revenue



FY12 Segment Profit



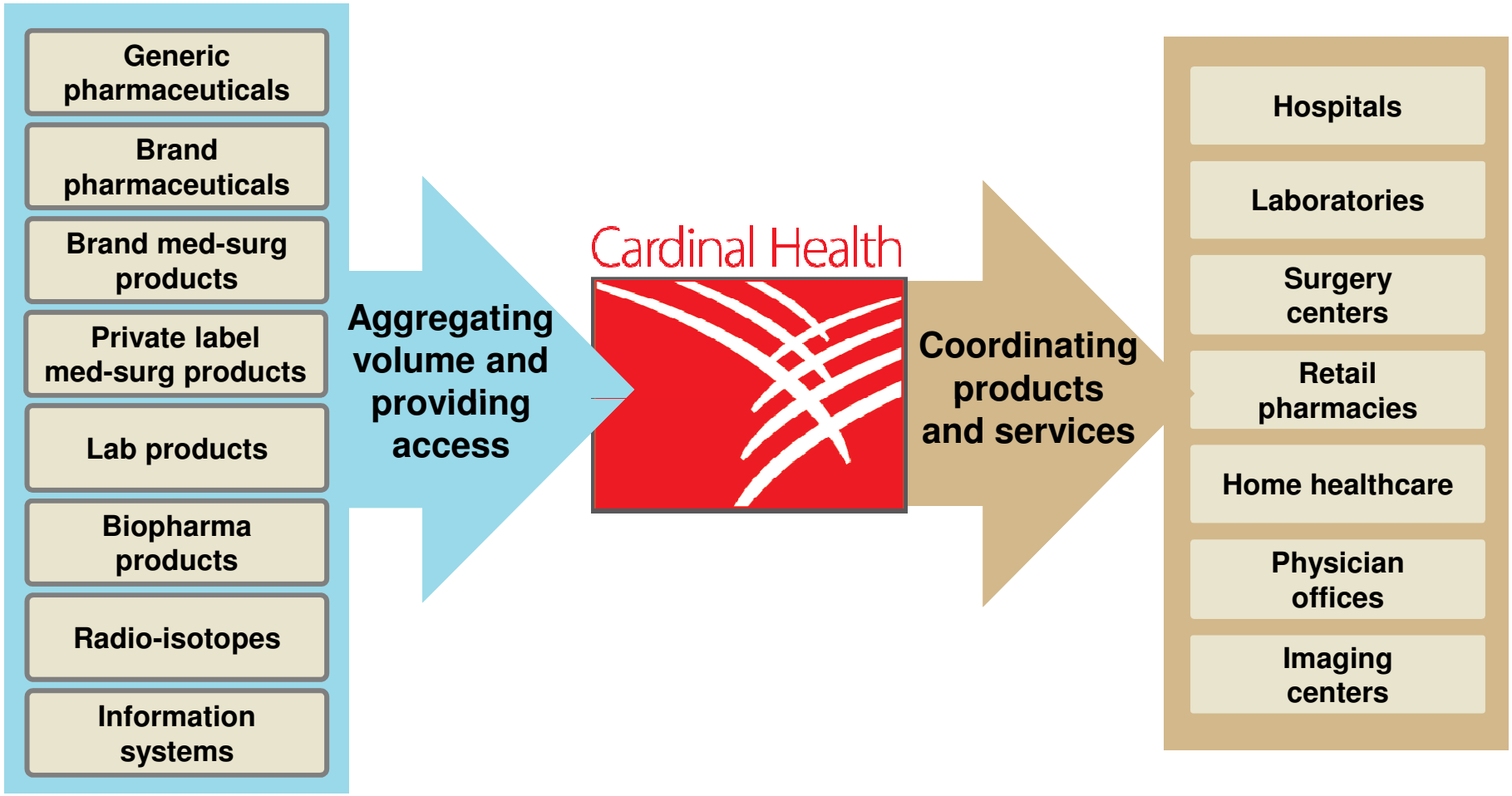
Pharmaceutical

Medical

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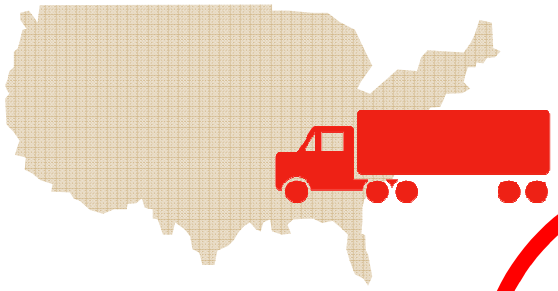
Improving efficiency in healthcare

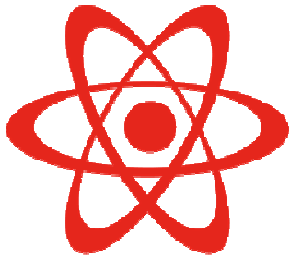


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Bringing extraordinary scale







85
distribution facilities

>2K
pharmaceutical, medical and laboratory suppliers

~29K
pharmacy customers

~85%
of U.S. hospitals use our products and services

~12M
radiopharmaceutical doses dispensed annually

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Serving the full continuum of care

Cardinal Health

Retail pharmacies

Hospitals

Surgery centers

Laboratories



Physician offices

Home market

Imaging centers

Clinics

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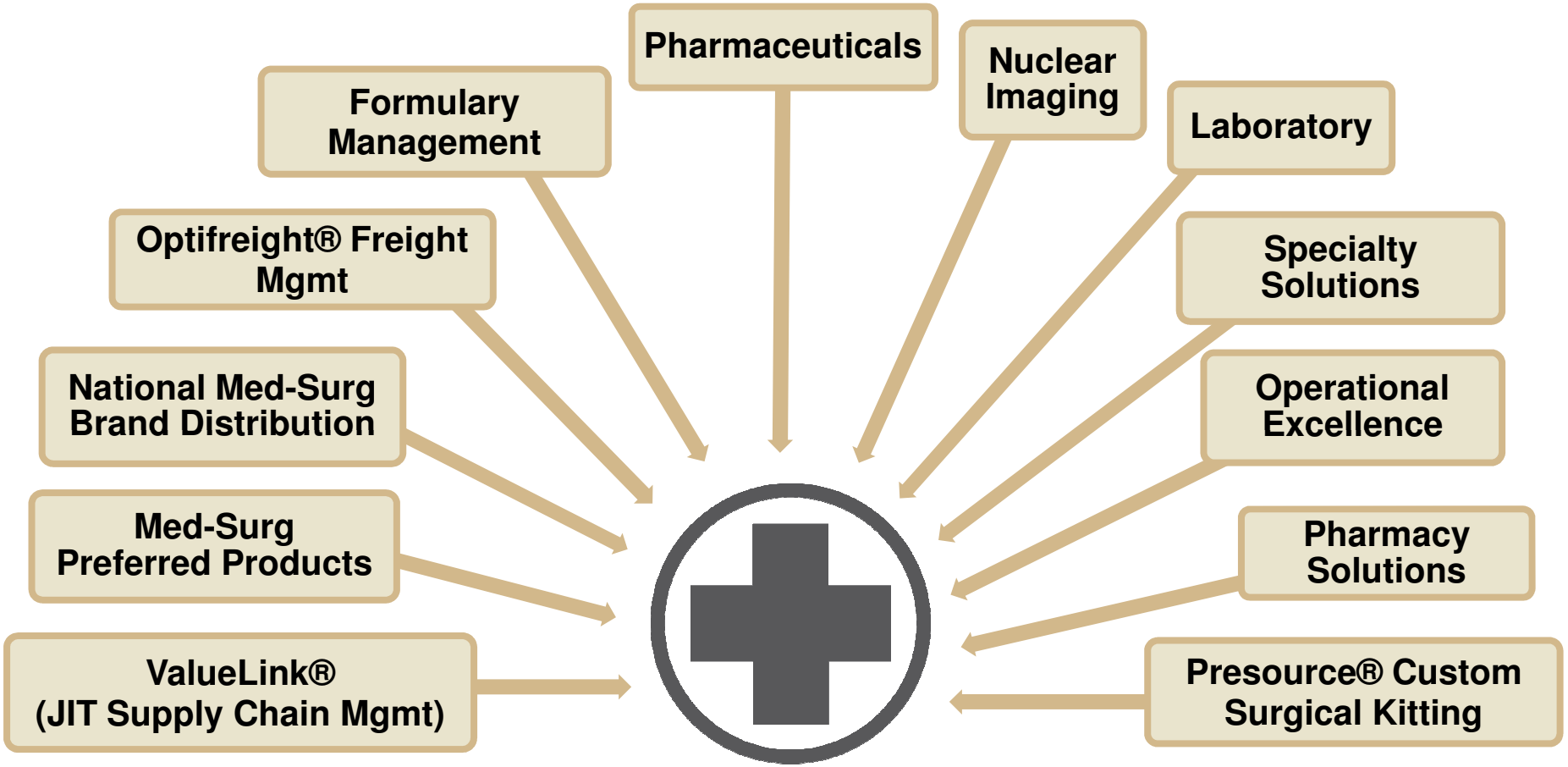
Product and service offering – retail pharmacy



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Product and service offering – Hospital and health system



Hospitals, Surgery Centers, Physician Offices

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Bringing these tools to China

Expanded to 13 distribution centers

- Opened 2 new state-of-the art DCs in Shanghai and Beijing
- Multiple acquisitions in FY12 and FY13

Building new platforms to expand Cardinal Health brand strength

- Consumer healthcare products for retail pharmacies
- 6 direct-to-patient specialty pharmacies
- Channel intelligence
- Diagnostics and lab supplies
- Medical device distribution

Trusted go-to-market partner

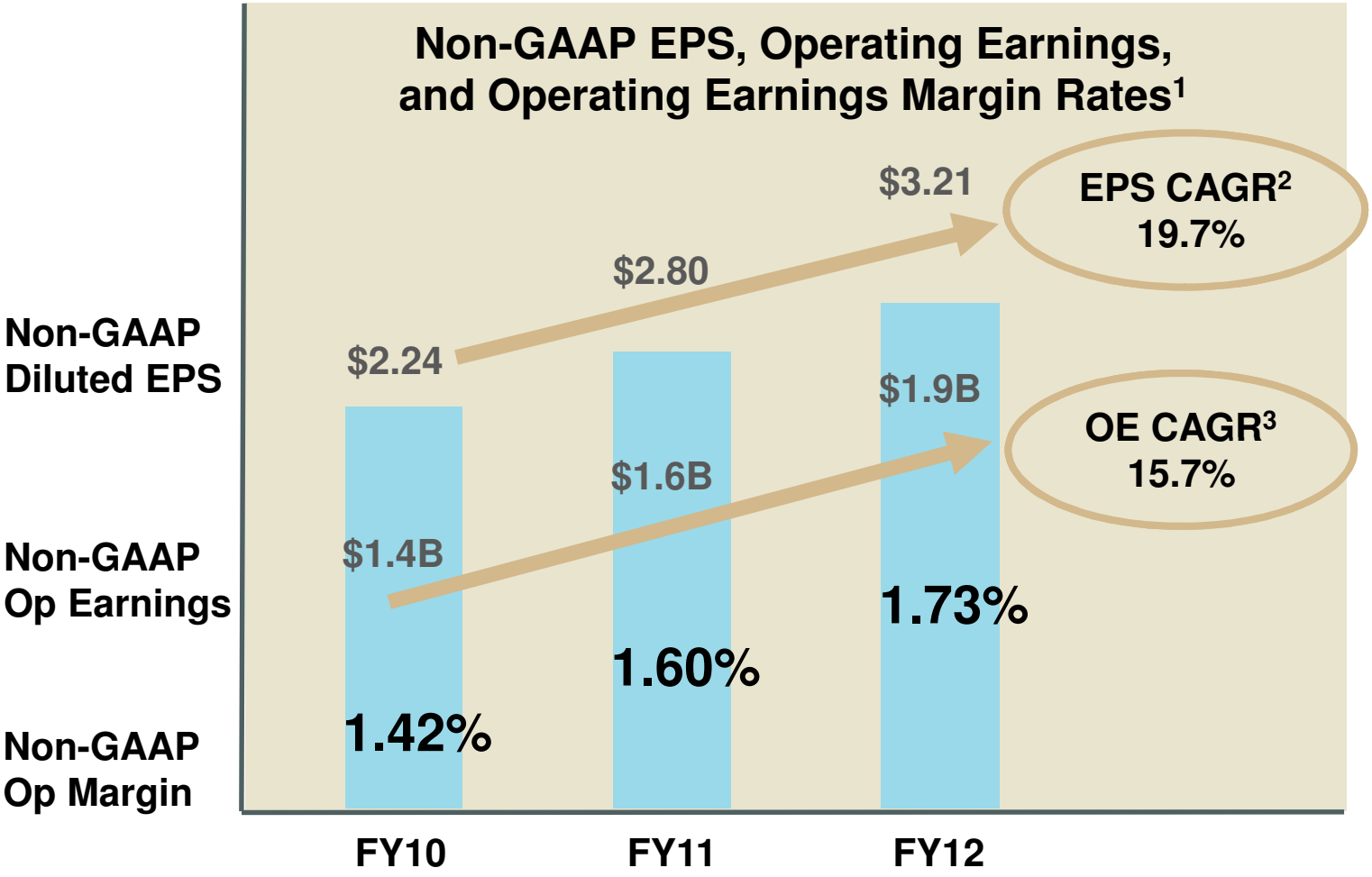




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History of strong financial performance



[1] Please see the definitions and reconciling information at the end of the of this presentation.
[2] The CAGR for GAAP diluted EPS from continuing operations from fiscal 2010 to fiscal 2012 was 37.4%.
[3] The CAGR for GAAP operating earnings from fiscal 2010 to fiscal 2012 was 17.1%.

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Solid execution in FY12 and Q1 FY13

	FY12		Q1 FY13	
Revenue	$108B	+5%	$25.9B	(3)%
Non-GAAP operating earnings[1]	$1.9B	+13%	$469M	+6%
Non-GAAP diluted EPS from continuing operations[1]	$3.21	+15%	$0.81	+11%
Cash from operations	$1.2B		$568M	
Non-GAAP ROE[1]	19%		18%	

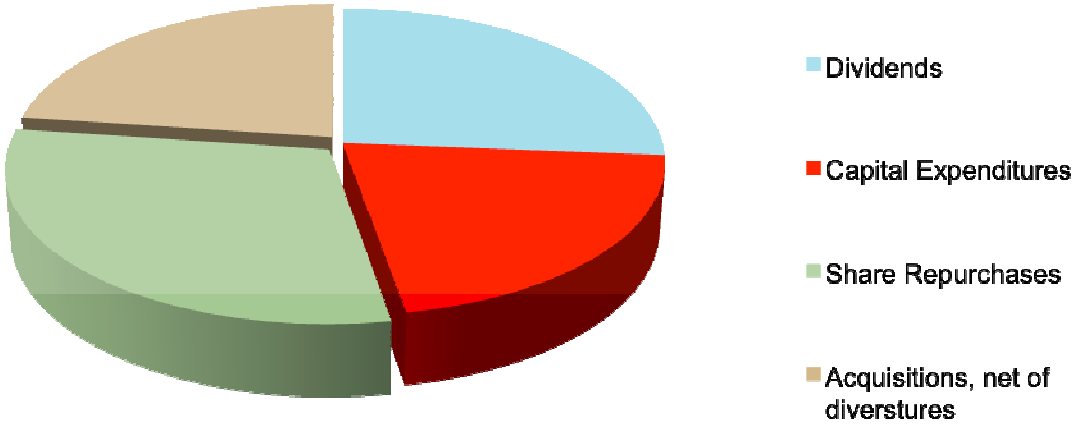
[1]Please see the definitions and reconciling information at the end of the of this presentation.

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Balanced capital deployment strategy

Capital deployment
(9/30/11 - 9/30/12)

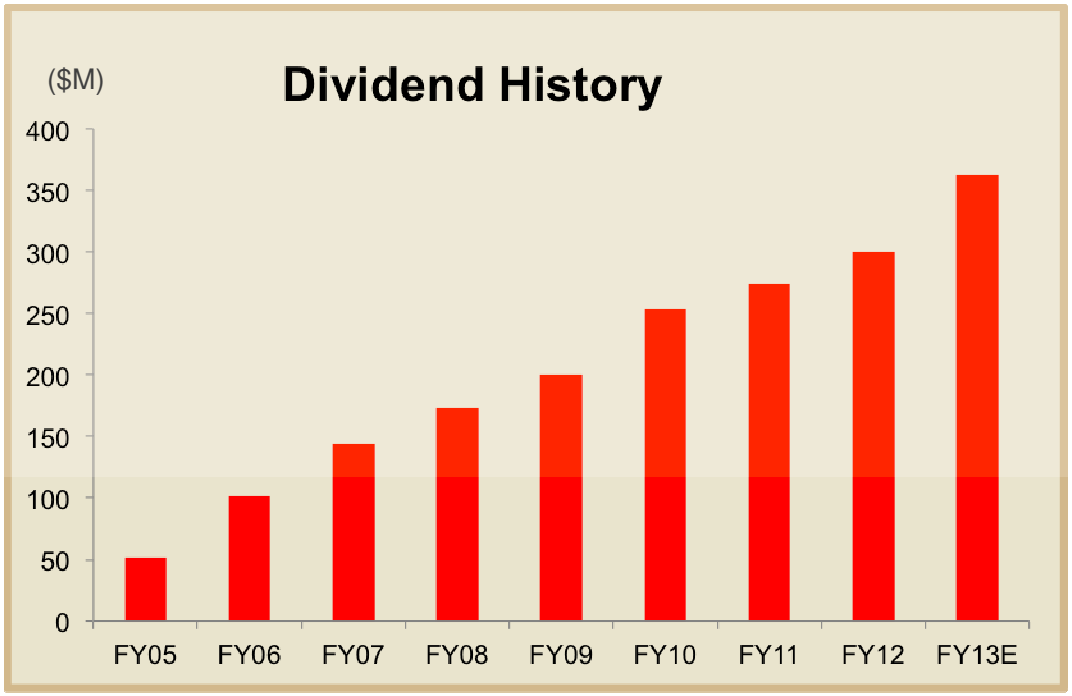


- **Committed to a differentiated dividend**
- **Share repurchase and strategic investments evaluated to maximize total shareholder return**

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A strong, differentiated, growing dividend

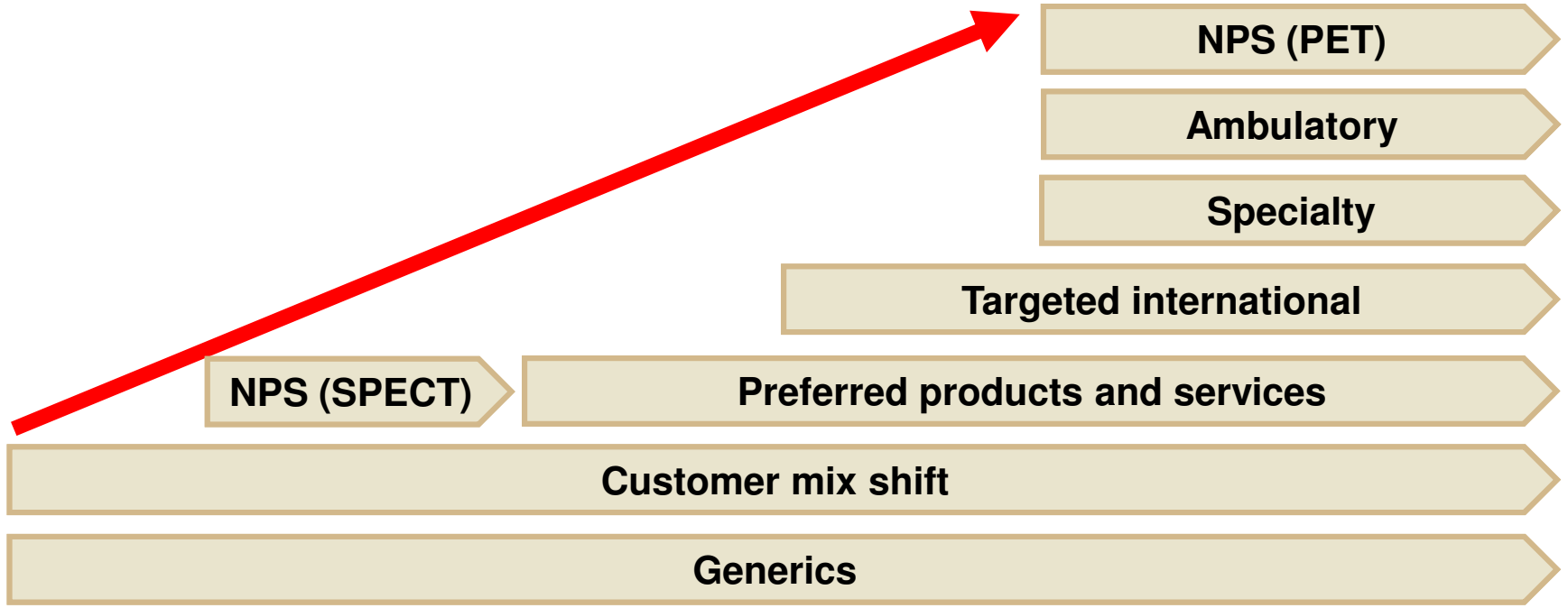


- **Increase of 10.5% in July 2012; further 16% increase announced in October 2012**
- **Annualized dividend of $1.10, effective with January payment**
- **Annualized dividend payout of >30% of expected non-GAAP FY13 diluted EPS**

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Strong portfolio driving growth and positioning for the future



Non-GAAP EPS[1]

FY10	FY11	FY12	FY13E	FY14	FY15
$2.24	$2.80	$3.21	$3.35-$3.50		

Long-term goal: Annualized Total Shareholder Return > 11%

[1] Non-GAAP diluted EPS from continuing operations. See the appendices for GAAP diluted EPS from continuing operations and reconciliations to that GAAP number. FY13 estimated range provided on October 30, 2012 earnings call; Presentation of these numbers does not constitute a reaffirmation or update.

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Well positioned for healthcare's changing needs

- We offer **efficiency and scale** to serve the changing environment
- We provide a broad range of cost-advantaged **products and services** to meet the need to **reduce costs** while maintaining quality
- We are positioned to serve **all care settings** as **site of delivery shifts**
- Long-term utilization trends **extend our scale and impact**
- We globally **manufacture, source and distribute**
- We are uniquely positioned to **bring products and services to a large and growing market in China**
- We are committed to providing both a **growth and income profile**, with a **differentiated dividend** among healthcare services companies

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Outstanding execution by our employees speaks for itself





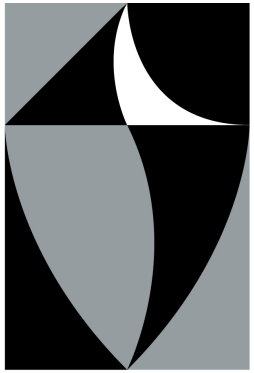








Gartner Research #1 Healthcare Supply Chain Organization 2011 and 2012



Work Life Legacy MILITARY AWARD

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Cardinal Health, Inc. and Subsidiaries
Segment Business Analysis

(in millions)	Fiscal Year 2012	2011
Pharmaceutical		
Revenue		
Amount	**$ 97,925**	$ 93,744
Growth rate	**4 %**	4 %
Mix	**91 %**	91 %
Segment profit		
Amount	**$ 1,558**	$ 1,329
Growth rate	**17 %**	31 %
Mix	**82 %**	78 %
Segment profit margin	**1.59 %**	1.42 %

(in millions)	Fiscal Year 2012	2011
Medical		
Revenue		
Amount	**$ 9,642**	$ 8,922
Growth rate	**8 %**	2 %
Mix	**9 %**	9 %
Segment profit		
Amount	**$ 332**	$ 373
Growth rate	**(11)%**	(13)%
Mix	**18 %**	22 %
Segment profit margin	**3.45 %**	4.18 %

Refer to definitions for an explanation of calculations.

Total consolidated revenue for the fiscal year ended June 30, 2012 was $107,552 million, which included total segment revenue of $107,567 million and Corporate revenue of $(15) million. Total consolidated revenue for the fiscal year ended June 30, 2011 was $102,644 million, which included total segment revenue of $102,666 million and Corporate revenue of $(22) million. Corporate revenue consists primarily of elimination of inter-segment revenue.

Total consolidated operating earnings for the fiscal year ended June 30, 2012 were $1,792 million, which included total segment profit of $1,890 million and Corporate costs of $(98) million. Total consolidated operating earnings for the fiscal year ended June 30, 2011 were $1,514 million, which included total segment profit of $1,702 million and Corporate costs of $(188) million. Corporate includes, among other things, restructuring and employee severance, acquisition-related costs (including amortization of acquisition-related intangible assets and changes in the fair value of contingent consideration obligations), impairments and loss on disposal of assets, litigation (recoveries)/charges, net and certain investment spending that are not allocated to the segments.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fiscal Year 2012	2011	2010 [1]
Revenue	**$ 107,552**	$ 102,644	$ 98,503
GAAP operating earnings	**$ 1,792**	$ 1,514	$ 1,307
Restructuring and employee severance	**21**	15	91
Acquisition-related costs	**33**	90	19
Impairments and loss on disposal of assets	**21**	9	29
Litigation (recoveries)/charges, net	**(3)**	6	(62)
Other Spin-Off costs	**2**	10	11
Non-GAAP operating earnings	**$ 1,866**	$ 1,644	$ 1,394
GAAP operating earnings margin rate	**1.67 %**	1.48 %	1.33 %
Non-GAAP operating earnings margin rate	**1.73 %**	1.60 %	1.42 %
	13bp	18bp	

[1] The sum of the components may not equal the total due to rounding.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions, except per Common Share amounts)	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes and Discontinued Operations	Provision for Income Taxes	Earnings from Continuing Operations	Earnings from Continuing Operations Growth Rate	Diluted EPS from Continuing Operations	Diluted EPS from Continuing Operations Growth Rate
				Fiscal Year 2012				
GAAP	**$ 1,792**	**18 %**	**$ 1,698**	**$ 628**	**$ 1,070**	**11 %**	**$ 3.06**	**12 %**
Restructuring and employee severance	21		21	8	13		0.04	
Acquisition-related costs	33		33	9	24		0.07	
Impairments and loss on disposal of assets	21		21	8	13		0.04	
Litigation (recoveries)/charges, net	(3)		(3)	(1)	(2)		(0.01)	
Other Spin-Off costs	2		2	1	1		-	
Gain on sale of CareFusion stock	-		-	-	-		-	
Non-GAAP	**$ 1,866**	**13 %**	**$ 1,772**	**$ 653**	**$ 1,119**	**13 %**	**$ 3.21**	**15 %**
				Fiscal Year 2011				
GAAP	$ 1,514	16 %	$ 1,518	$ 552	$ 966	65 %	$ 2.74	69 %
Restructuring and employee severance	15		15	5	10		0.03	
Acquisition-related costs	90		90	22	68		0.19	
Impairments and loss on disposal of assets	9		9	3	6		0.02	
Litigation (recoveries)/charges, net	6		6	(1)	7		0.02	
Other Spin-Off costs	10		10	4	6		0.02	
Gain on sale of CareFusion stock	-		(75)	-	(75)		(0.21)	
Non-GAAP	$ 1,644	18 %	$ 1,573	$ 585	$ 988	22 %	$ 2.80	25 %
				Fiscal Year 2010				
GAAP	$ 1,307	1 %	$ 1,212	$ 625	$ 587	(23)%	$ 1.62	(23)%
Restructuring and employee severance	91		91	32	59		0.16	
Acquisition-related costs	19		19	7	12		0.03	
Impairments and loss on disposal of assets	29		29	(5)	34		0.09	
Litigation (recoveries)/charges, net	(62)		(62)	(23)	(39)		(0.11)	
Other Spin-Off costs	11		53	(149)	202		0.56	
Gain on sale of CareFusion stock	-		(45)	-	(45)		(0.12)	
Non-GAAP	$ 1,394	(3)%	$ 1,296	$ 486	$ 810	(2)%	$ 2.24	(2)%

The sum of the components may not equal the total due to rounding.

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	Fiscal Year 2012	Fiscal Year 2011
GAAP return on equity	**17.8 %**	17.5 %
Non-GAAP return on equity		
Net earnings	**$ 1,069**	$ 959
Restructuring and employee severance, net of tax, in continuing operations	**13**	10
Acquisition-related costs, net of tax, in continuing operations	**24**	68
Impairments and loss on disposal of assets, net of tax, in continuing operations	**13**	6
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**(2)**	7
Other spin-off costs, net of tax, in continuing operations	**1**	6
Gain on sale of CareFusion stock, net of tax	**-**	(75)
CareFusion net loss in discontinued operations [1]	**-**	7
Adjusted net earnings	**$ 1,118**	$ 988

	Fourth Quarter 2012	Third Quarter 2012	Second Quarter 2012	First Quarter 2012	Fourth Quarter 2011	Fourth Quarter 2011	Third Quarter 2011	Second Quarter 2011	First Quarter 2011	Fourth Quarter 2010
Total shareholders' equity	**$ 6,244**	**$ 6,240**	**$ 5,928**	**$ 5,714**	**$ 5,849**	$ 5,849	$ 5,657	$ 5,421	$ 5,239	$ 5,276
Divided by average shareholders' equity	**$ 5,995**					$ 5,488				
Non-GAAP return on equity	**18.6 %**					18.0 %				

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

[1] To properly reflect the impact of the spin-off, on a non-GAAP basis, CareFusion net earnings included in discontinued operations are excluded from adjusted net earnings for all periods presented.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions)	First Quarter 2013	First Quarter 2012
GAAP return on equity	**17.3 %**	16.4 %
Non-GAAP return on equity		
Net earnings	**$ 271**	$ 237
Restructuring and employee severance, net of tax, in continuing operations	**3**	2
Acquisition-related costs, net of tax, in continuing operations	**18**	18
Impairments and loss on disposal of assets, net of tax, in continuing operations	**1**	1
Litigation (recoveries)/charges, net, net of tax, in continuing operations	**(13)**	(2)
Other Spin-Off Costs, net of tax, in continuing operations	**-**	-
Adjusted net earnings	**$ 280**	$ 256
Annualized	**$ 1,120**	$ 1,024

	First Quarter 2013	Fourth Quarter 2012	First Quarter 2012	Fourth Quarter 2011
Total shareholders' equity	**$ 6,281**	**$ 6,244**	$ 5,714	$ 5,849
Divided by average shareholders' equity	**$ 6,263**		$ 5,781	
Non-GAAP return on equity	**17.9 %**		17.7 %	

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

Cardinal Health, Inc. and Subsidiaries
GAAP / Non-GAAP Reconciliation

(in millions, except per Common Share amounts)	Operating Earnings	Operating Earnings Growth Rate	Earnings Before Income Taxes and Discontinued Operations	Provision for Income Taxes	Earnings from Continuing Operations	Earnings from Continuing Operations Growth Rate	Diluted EPS from Continuing Operations	Diluted EPS from Continuing Operations Growth Rate
	First Quarter 2013							
GAAP	**$ 457**	**11 %**	**$ 439**	**$ 167**	**$ 272**	**15 %**	**$ 0.79**	**16 %**
Restructuring and employee severance	**5**		**5**	**2**	**3**		**0.01**	
Acquisition-related costs	**28**		**28**	**10**	**18**		**0.05**	
Impairments and loss on disposal of assets	**1**		**1**	**-**	**1**		**-**	
Litigation (recoveries)/charges, net	**(22)**		**(22)**	**(9)**	**(13)**		**(0.04)**	
Other Spin-Off Costs	**-**		**-**	**-**	**-**		**-**	
Non-GAAP	**$ 469**	**6 %**	**$ 451**	**$ 170**	**$ 281**	**9 %**	**$ 0.81**	**11 %**
	First Quarter 2012							
GAAP	$ 412	13 %	$ 385	$ 148	$ 237	(19)%	$ 0.68	(19)%
Restructuring and employee severance	3		3	1	2		0.01	
Acquisition-related costs	27		27	9	18		0.05	
Impairments and loss on disposal of assets	1		1	-	1		-	
Litigation (recoveries)/charges, net	(3)		(3)	(1)	(2)		(0.01)	
Other Spin-Off Costs	1		1	1	-		-	
Non-GAAP	$ 442	16 %	$ 414	$ 158	$ 256	11 %	$ 0.73	11 %

The sum of the components may not equal the total due to rounding.

We apply varying tax rates depending on the item's nature and tax jurisdiction where it is incurred.

Forward-Looking Non-GAAP Financial Measures

We present non-GAAP earnings from continuing operations and non-GAAP effective tax rate from continuing operations (and presentations derived from these financial measures, including per share calculations) on a forward-looking basis. The most directly comparable forward-looking GAAP measures are earnings from continuing operations and effective tax rate from continuing operations. We are unable to provide a quantitative reconciliation of these forward-looking non-GAAP measures to the most directly comparable forward-looking GAAP measures because we cannot reliably forecast restructuring and employee severance, acquisition-related costs, impairments and loss on disposal of assets, litigation (recoveries)/charges, net, and other spin-off costs, which are difficult to predict and estimate and are primarily dependent on future events. Please note that the unavailable reconciling items could significantly impact our future financial

Cardinal Health, Inc. and Subsidiaries

Definitions

Non-GAAP Diluted EPS from Continuing Operations and growth rate calculation[1]: non-GAAP earnings from continuing operations divided by diluted weighted average shares outstanding.

Non-GAAP Earnings from Continuing Operations and growth rate calculation: earnings from continuing operations excluding (1) restructuring and employee severance[2], (2) acquisition-related costs[3], (3) impairments and loss on disposal of assets[4], (4) litigation (recoveries)/charges, net[5], (5) Other Spin-Off Costs and (6) gain on sale of CareFusion stock, each net of tax.

Non-GAAP Operating Earnings and growth rate calculation: operating earnings excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net and (5) Other Spin-Off Costs.

Non-GAAP Operating Earnings Margin Rate: current period non-GAAP operating earnings divided by revenue.

Non-GAAP Return on Equity: (annualized current period net earnings excluding (1) restructuring and employee severance, (2) acquisition-related costs, (3) impairments and loss on disposal of assets, (4) litigation (recoveries)/charges, net, (5) Other Spin-Off Costs, (6) gain on sale of CareFusion stock and (7) CareFusion net loss in discontinued operations, each net of tax) and divided by average shareholders' equity.

Other Spin-Off Costs: costs incurred in connection with our Spin-Off of CareFusion which are included in distribution, selling, general and administrative expenses.

Return on Equity: annualized current period net earnings divided by average shareholders' equity.

Revenue Mix: segment revenue divided by total segment revenue for all segments.

Segment Profit: segment revenue minus (segment cost of products sold and segment distribution, selling, general and administrative expenses).

Segment Profit Margin: segment profit divided by segment revenue.

Segment Profit Mix: segment profit divided by total segment profit for all segments.

[1] Except for compound annual growth rates (CAGR), growth rates in this presentation are determined by dividing the difference between current period results and prior period results by prior period results. CAGR is determined by subtracting one from ((the ending value divided by the beginning value) raised to the power of (one divided by the number of years)).

[2] Programs whereby Cardinal Health fundamentally changes its operations such as closing and consolidating certain manufacturing and distribution facilities, moving manufacturing of a product to another location, production sourcing, employee severance (including rationalizing headcount or other significant changes in personnel) and realigning operations (including substantial realignment of the management structure of a business unit in response to changing market conditions).

[3] Costs that consist primarily of transaction costs, integration costs, changes in the fair value of contingent consideration obligations and amortization of acquisition-related intangible assets.

[4] Asset impairments and losses from the disposal of assets not eligible to be classified as discontinued operations are classified within impairments and loss on disposal of assets within the consolidated statements of earnings.

[5] Loss contingencies related to litigation and regulatory matters and income from favorable resolution of legal matters.